

Joint Statement of  
Michael Thibault and Christopher Shays, Co-Chairs  
The Commission on Wartime Contracting in Iraq and Afghanistan

Hearing:

**‘Implementing Improvements  
to Defense Wartime Contracting’**

Room 216, Hart Senate Office Building, Washington, DC  
9:30 a.m., Monday, April 25, 2011

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[As prepared for delivery.]

Good morning. I am Michael Thibault, co-chairman of the Commission on Wartime Contracting in Iraq and Afghanistan.

The other Commissioners at the dais are my fellow Co-Chair, Christopher Shays; and Commissioners Clark Kent Ervin, Grant Green, Robert Henke, Katherine Schinasi, Charles Tiefer, and Dov Zakheim.

We have distinguished guests at this hearing. We have a former Under Secretary of Defense, now a public-policy professor; a senior official of the Government Accountability Office, the nation’s premiere watchdog agency; and three inspectors general. I’ll introduce them shortly.

Our conversation with these witnesses will focus on waste, change, and judgment.

Like the Commissioners, our witnesses have spent a great deal of their professional time identifying and combating *waste*, and its siblings, fraud and abuse. This is really important work. Our warfighters, diplomats, development officials, and taxpayers all suffer when funds designated for contingency operations are spent needlessly or ineffectively, or are stolen or misdirected for personal advantage.

The Commission's authorizing statute directs it to assess the extent of waste, fraud, and abuse in contingency contracts in Iraq and Afghanistan. As part of our work on that task, we have asked our IG witnesses to update us on their work in the field, and to give us their best, current estimate of the extent of waste, fraud, and abuse in the theaters of operation. We also solicit their evaluation of these shortcomings. For example, what are the relative contributions of poorly defined requirements, duplication of effort, poor management, lack of coordination, and unsustainability in producing waste? What are the most glaring opportunities for fraud? What kinds of people or positions, government and private, are most likely to engage in bribes, kickbacks, favoritism, or other abuse?

Besides combating waste, fraud, and abuse, our witnesses are working for *change*. They may do this through the deterrent effect of identifying wrongdoing and referring its perpetrators to administrators or prosecutors for punishment. Or they may pursue change by offering recommendations for improvements in contracting. For example, the Office of the Inspector General in the Department of Defense produced an excellent report in May 2010, "Contingency Contracting: A Framework for Reform." And Dr. Jacques Gansler has led reform-writing panels for both the Army and the Defense Science Board.

The Commission has also pressed for change. Our second Interim Report to Congress, filed in February 2011, made 32 recommendations. And our four Special Reports made 13. The Commission's Final Report to Congress, due in July, will offer many more recommendations. All of us are pursuing change.

But as that canny Italian strategist Niccolo Machiavelli observed nearly 400 years ago,

... there is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things. Because the innovator has for enemies all those who have done

well under the old conditions, and lukewarm defenders in those who may do well under the new.<sup>1</sup>

We hope to engage our witnesses today on three kinds of *judgments* related to change.

First, we will explore their various recommendations, including the background, testimony, and data behind those recommendations.

Second, we're interested in their views on the obstacles they've encountered with regard to their own recommendations—inertia, organizational-culture pathology, fear of change, turf protection, personal vanity or whatever—and what tactics they've used to neutralize or overcome them.

Third, the Commissioners are keen to hear our witnesses' opinions of the recommendations we made in our second Interim Report. We'll be reviewing new research and events to check whether any of them need to be revised before we issue our Final Report. Hearing the opinions of the experts assembled here today will be very helpful in that process.

We have two panels of witnesses today:

Panel 1 consists of:

- Jacques Gansler, Ph.D., formerly Under Secretary of Defense and chairman of the Army panel known as the “Gansler Commission,” now a professor at the University of Maryland’s School of Public Policy; and
- Paul Francis, Managing Director, Acquisition and Sourcing Management, with the Government Accountability Office.

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<sup>1</sup> *The Prince*, VI (1515; L.K. Marriott translation, 1908).

Panel 2 has three members:

- Stuart Bowen, Special Inspector General for Iraq Reconstruction;
- Daniel Blair, DoD Deputy Inspector General for Auditing; and
- Herbert Richardson, Acting Special Inspector General for Afghanistan Reconstruction.

I would note that two of our witnesses are battle-scarred veterans of our proceedings. We consulted with Dr. Gansler early in the Commission's life, and welcomed him as a witness last September. Stuart Bowen, the SIGIR, was a witness at our very first hearing in February 2009, and has been back since. We are delighted to see them both again, and to welcome our new witnesses. Thanks to you all.

We have asked our witnesses to offer five-minute summaries of their testimony. The full text of their written statements will be entered into the hearing record and posted on the Commission's website. We also ask that witnesses provide within 15 business days responses to any questions for the record and any additional information they may offer to provide.

Now, if our witnesses will rise and raise their right hands, I will swear them in:

Do you solemnly swear or affirm that the testimony you will give in this hearing is the truth, the whole truth, and nothing but the truth?

Thank you. Let the record show that the witness answered in the affirmative.

Dr. Gansler, please begin.

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